VZCZCXRO0167 PP RUEHDBU RUEHLH RUEHPW DE RUEHIL #1311/01 1661256 ZNY SSSSS ZZH P 151256Z JUN 06 FM AMEMBASSY ISLAMABAD TO RUEHC/SECSTATE WASHDC PRIORITY 1689 INFO RUEHTA/AMEMBASSY ALMATY PRIORITY 9490 RUEHAN/AMEMBASSY ANTANANARIVO PRIORITY 0026 RUEHEK/AMEMBASSY BISHKEK PRIORITY 3688 RUEHLM/AMEMBASSY COLOMBO PRIORITY 0804 RUEHKA/AMEMBASSY DHAKA PRIORITY 1542 RUEHDBU/AMEMBASSY DUSHANBE PRIORITY RUEHBUL/AMEMBASSY KABUL PRIORITY 5554 RUEHKT/AMEMBASSY KATHMANDU PRIORITY 6645 RUEHNE/AMEMBASSY NEW DELHI PRIORITY 8643 RUEHNT/AMEMBASSY TASHKENT PRIORITY 1392 RUEHKP/AMCONSUL KARACHI PRIORITY 1444 RUEHLH/AMCONSUL LAHORE PRIORITY 9049 RUEHPW/AMCONSUL PESHAWAR PRIORITY 6921 RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY RUEKJCS/SECDEF WASHINGTON DC PRIORITY RHWSMRC/USCINCCENT MACDILL AFB FL PRIORITY

S E C R E T SECTION 01 OF 04 ISLAMABAD 011311

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E.O. 12958: DECL: 06/15/2016

TAGS: <u>EAID</u> <u>MCAP</u> <u>MOPS</u> <u>PGOV</u> <u>PK</u> <u>PREL</u> <u>PTER</u>

SUBJECT: POLITICAL SCENESETTER FOR VISIT BY PAKISTAN VICE

CHIEF OF ARMY STAFF

Classified By: Ambassador Ryan C. Crocker, Reasons 1.4 (b) and (d)

Introduction

11. (S) Pakistan,s President Pervez Musharraf and Prime Minister Shaukat Aziz are western-oriented modernizers who are trying to move Pakistan toward Musharraf's goal of "enlightened moderation." Both viewed President Bush,s March visit to Pakistan as a landmark in the bilateral relationship. In the past six months, Pakistan's leaders have survived the Danish cartoon controversy; engaged in suppressing violent separatists in Balochistan while also combating al-Qaeda and domestic Islamic extremists in the tribal areas along the Afghan border; and transitioned from the winter,s earthquake relief operations to long-term reconstruction. Pakistan remains a tough public diplomacy environment, despite the public,s positive response to generous USG assistance in the earthquake relief effort.

U.S.-Pakistan Strategic Partnership

- 12. (S) During his March 2006 visit, President Bush launched a U.S.-Pakistan Strategic Partnership. This initiative has been institutionalized in the framework of a strategic dialogue addressing economic growth and prosperity, energy cooperation, peace and security, social sector development, science and technology, democracy, and non-proliferation. The inaugural meeting of the strategic dialogue held in Washington from April 26-27 was a step forward in reassuring Pakistan of the breadth and depth of our long-term commitment.
- 13. (S) In the wake of the media glare surrounding the U.S.-India Civil Nuclear Initiative, Pakistan,s military and political class have been wracked by a bout of insecurity and &me too-ism.8 Some government officials have complained privately that the U.S. has created a public perception that it is distancing itself from President Musharraf. Coupled with public remarks by American and other western officials suggesting that Pakistan could do more in the Global War on

Terror (GWOT), Pakistani sensitivities are particularly attuned to any hint of American criticism.

Global War on Terror

- 14. (S) FATA: Pakistan deserves commendation for standing with us in the GWOT, including its efforts to deny al Qaeda and other extremist elements safe haven in Pakistan's untamed tribal areas along the Afghan border. Following the Government of Pakistan's (GOP) decision to extend central government control into the FATA (historically a "no go" region for government forces), we have regularly encouraged Pakistani security forces to stay the course in the face of armed resistance. As the security situation in both North and South Waziristan continued to deteriorate in late 2005-early 2006, the GOP was forced to rethink its FATA strategy. Between March and May 2006, President Musharraf and his advisors articulated a new three-pronged strategy to extend the government's writ into the FATA, comprising political initiatives, economic development and military operations that are faster, leaner and more targeted than in the past. We have offered to assist Pakistan's economic development efforts in the FATA and to provide training for rapid strike capabilities as it realigns its military tactics.
- 15. (C) Crackdown on Extremism: In the aftermath of the July 7, 2005 London bombings, President Musharraf cracked down on domestic extremist organizations with much public fanfare, arresting the usual suspects and proposing strict regulation of Pakistan,s religious schools (madrassas). As with previous crackdowns, the government ultimately released most

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detainees and walked back many of the regulations on madrassa operations. Although we are still assessing whether the President has the will to hold the line against Pakistan's extremist elements for the long run, we believe that Musharraf,s crackdown moved the ball forward...albeit with many fall-backs along the way. Aside from the crackdown,s uneven record, President Musharraf has been a consistent and vocal advocate of &enlightened moderation,8 in which he espouses a moderate and tolerant Islam for Pakistan as it finds its place within a globalized world.

16. (C) Extremism (cont): The U.S. consistently presses senior GOP officials to act decisively against the operational leaders of terrorist and extremist organizations, including those which were involved in earthquake relief efforts in northern Pakistan. We have also encouraged GOP officials to take action against those madrassas that support, recruit for, or shelter these organizations.

Domestic Issues

17. (S) Balochistan: Pakistani leaders are also struggling to cope with an insurgency in the resource-rich province of Balochistan, as local Baloch tribesmen seek to redress historic grievances against Pakistan and seize a greater share of their provincial patrimony. President Musharraf has swung back and forth between civilian advisors who are counseling a negotiated settlement, and military advisors who view the insurgency as an Indian-sponsored threat to national unity that must be suppressed. At the moment, the pendulum has swung toward the military option. This has clear implications for the military's ability to pursue shared U.S.-Pakistan objectives in the FATA and in the GWOT. Pakistani security forces are already over-stretched along the Afghan border, in North and South Waziristan and in managing periodic domestic civil unrest, such as the cartoon controversy and sectarian tensions. An escalation in armed conflict in Balochistan would create an inauspicious political environment in the run-up to national elections next year.

publicly and privately - to move Pakistan toward a civilian-led democracy by the next national elections, which must be held by 2007. The government, which must address many organizational issues before the 2007 national elections, took an important initial step with the March 2006 appointment of a permanent, independent election commissioner acceptable to all mainstream parties. The two largest opposition parties) Benazir Bhutto,s Pakistan People,s Party (PPP) and Nawaz Sharif,s Pakistan Muslim League) Nawaz (PML-N)) have entered into a highly-publicized Charter for Democracy aimed at defeating the Musharraf government at the polls. Given the long years of animosity between Bhutto and Sharif, this alliance may prove to be more political theater than a serious threat to Musharraf and the governing PML.

19. (C) Military v. Civilian Government: In April 2005, the local media stirred up a frenzy following a statement by a senior USG official that the United States believes in civilian leadership of the military, reading it as one more signal that the U.S. was distancing itself from President Musharraf. While these remarks reflect a fundamental principal of U.S. policy, we advise USG officials to also underscore in their public and private remarks our strong relationship with President Musharraf and our appreciation for his contributions in the war on terror, his efforts to improve relations with India, and for the steps he has taken to advance democracy in Pakistan.

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110. (SBU) Building Democratic Institutions: At the operational level, USAID supports democratization efforts with programs to promote institutional development of the courts, the legislatures, and the political parties. USAID and State are in the process of finalizing a USG-funded strategy to promote free and fair elections in 2007.

The Neighborhood

- 111. (S) Afghanistan: The roller-coaster relationship between Afghanistan and Pakistan continues to suffer from mutual suspicion and recrimination, with Afghans concerned about cross-border infiltration and Pakistan obsessed by the prospect of India using its diplomatic assets in Afghanistan to foment instability in Balochistan. President Musharraf and most governmental and military leaders recognize that Pakistan must support the Karzai government's efforts to solidify its control over the country. To that end, the Government is committed to cooperating on operational security matters with the Afghan government and coalition forces through regular Tripartite Commission meetings.
- 112. (S) Afghanistan (cont): That said, Musharraf and Karzai (and their subordinates) have had difficulty restraining themselves from engaging in regular bouts of destructive public rhetoric, in which each blames the other for not doing enough to effectively prosecute the battle against their common enemies in the tribal areas along the border. More disturbing is that a good number of Pakistani officials remain piqued by the ascendency of Northern Alliance leaders following the U.S. rout of the Taliban in 2001; some now nurture a quasi-public schadenfreude as the Pashtun Taliban has re-emerged in Afghanistan's southern and eastern provinces.
- 113. (S) India/Kashmir: President Musharraf and his senior advisors have consistently told us they have made a strategic decision to end the militancy. Musharraf believes the GOP's ability to control Kashmiri militants will be greatly enhanced if there is measurable progress with India on Kashmir. He has specifically pushed for a withdrawal of Indian forces from key population centers in Indian-administered Kashmir (a demand viewed with great skepticism in Delhi). Musharraf has privately signaled flexibility on the final status of Kashmir, but in public

remains steadfast in rejecting the Line of Control (LOC) as a permanent international boundary. Indian Prime Minister Manmohan Singh has said that New Delhi is not afraid to discuss pragmatic solutions to make the LOC less-relevant in people's lives, but has also chided Pakistan for holding normalization of bilateral relations hostage to a final resolution of the Kashmir dispute.

- 114. (S) India/Kashmir (cont): India has long resisted the involvement of third parties in settling the Kashmir issue, and Pakistani leaders understand that any move toward a direct mediating role by the U.S. would be counterproductive. President Musharraf was pleased by President Bush's even-handed statements about the need for good relations between India and Pakistan and for a peaceful resolution of the dispute on terms acceptable to Pakistan, India, and the people of Kashmir.
- 115. (C) India/Kashmir (cont): Although there has been little progress on core issues relating to Kashmir (including the Siachen Glacier), senior Indian and Pakistani officials meet regularly through the Composite Dialogue framework, which has produced some confidence-building measures, including a pre-notification agreement for ballistic missile launches and the opening of bus and train routes between the two countries. After 17 years, India and Pakistan have also

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revived the Joint Commission to provide a forum for discussions on technical issues such as science and technology, information technology, telecommunications, and tourism. Although delegations travel to/from Islamabad and New Delhi weekly, Pakistani negotiators work within strict parameters, as the GOP balances its desire to normalize the relationship with its fear of being accused of &giving8 India too much via CBMs without first securing an advantageous resolution of the Kashmir question.

- 116. (S) Iran: Pakistan has a long and complicated relationship with its neighbor Iran. GOP officials often allude to Pakistan,s vulnerability to Iranian trouble-making, citing the influence of co-religionists governing in Tehran on Pakistan,s sizable Shi,a community (approximately 20 percent of the population). The GOP has walked a tightrope in response to the current crisis over Iran,s nuclear program, calling for all parties to abide by their international obligations and to pursue a negotiated resolution. Privately, Prime Minister Aziz and Foreign Minister Kasuri recognize that continued conflict over Iran,s nuclear program has the potential to destabilize the region. Both have urged their Iranian counterparts to take the EU-3 and U.S. proposals seriously and begin negotiations forthwith.
- (C) China: In contrast to their perception of the U.S., many GOP officials -- civilian and military -- view China as Pakistan's "reliable" friend. Many Pakistanis continue to view China through a Cold War halo, viewing Beijing as a bulwark protecting Pakistan from an expansionist India. In contrast, current Chinese outreach to Pakistan sticks to the bottom line of business, without sermonizing about democracy, human rights or Islamic extremism. China is well regarded by the Pakistan public for its high-profile investments in Pakistan's infrastructure (the Karakoram Highway, the current development of port facilities in Gwardar and energy resources in Balochistan), as well as for its economic prowess. Chinese military sales -unencumbered by the Congressional notifications and rigorous releasability reviews that characterize U.S. defense sales -are often sweetened by attractive financing arrangements. Even so, Pakistani military officials candidly admit that they get what they pay for with Chinese arms and equipment...and that they would often prefer to buy American, but for the expense and political hurdles.